
EDUCATION AND TRAINING

Air Force Security Assistance Center Foreign Military Sales Center Institutionalizes How It “Develops and Executes International Agreements” by Linking Strategic Initiatives to the Balanced Scorecard Process

**By
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Air Force Security Assistance Center

The Air Force Security Assistance Center's (AFSAC) foreign military sales development, growth and support to allies throughout the world spans more than twenty-five years. AFSAC was established in 1978 as the International Logistics Center (ILC) in an effort to centralize Air Force services to other countries. When the Air Force Logistics Command and the Air Force Systems Command were merged, the center became known as the Air Force Security Assistance Center. Over the life of the organization, twelve different commanders have directed the course-of-action that determined how resources were managed to satisfy our customers' needs. The center engaged in many diverse systems of tracking and measuring the success of the organization.

AFSAC's 12th Commander, Brigadier General Jeffrey Riemer, determined a need to re-focus the way his organization does business faced with a huge retirement wave. The center has 330 civilians, and 30 percent of those will be eligible to retire in five-six years, causing AFSAC to lose a lot of its expertise faster than it can recruit and train new employees. He set out to achieve a most desired future to ensure that AFSAC successfully achieves its vision of “World Class Professionals Fostering Global Partnership” by embarking on a dynamic process that will link long term strategic objectives with short term actions.

The Balanced Scorecard (BSC) methodology is being institutionalized to ensure continuous process change driven by organizational needs that endure as part of a strategy-focused organization regardless of changes of personnel at all levels of the center. “We will wake up some morning and find what we were able to do in the past, we are unable to do in the future because



**Jeffrey R. Riemer, BRIGADIER
GENERAL, USAF,
Commander AFSAC.**

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 2004		2. REPORT TYPE		3. DATES COVERED 00-00-2004 to 00-00-2004	
4. TITLE AND SUBTITLE Air Force Security Assistance Center Foreign Military Sales Center Institutionalizes How It 'Develops and Executes International Agreements' by Linking Strategic Initiatives to the Balanced Scorecard Process				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Defense Institute of Security Assistance Management (DISAM),DISAM/DR,2475 K Street,Wright-Patterson AFB,OH,45433-7641				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES The DISAM Journal, Spring 2004, Volume 26, Issue 3, p.113-120					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 8	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

we did not take the steps necessary to posture ourselves for that new environment” stated Brigadier General Riemer. A strategy-focused organization is one that looks to the future, determines their vision and how to fulfill it. Then they structure a way of ensuring that end state, according to Brigadier General Riemer.¹

The Balanced Scorecard is a management tool designed by Harvard Business School professors, Dr. Robert Kaplan and Dr. David Norton. Their research showed that CEOs need a broad view of things that were important in affecting company success. BSC requires strategizing the future of an organization from various perspective customer, financial, internal processes, and learning and growth.

In the book, *A Strategy-Focused Organization*, Dr. Kaplan and Dr. Norton said organizations that are strategy-focused and use BSC as a tool to get there are 70 percent successful. Organizations that do not use BSC and do not have a strategic focus fail 70 percent of the time.²

Brigadier General Riemer and his senior leaders identified that AFSAC’s two roles are to serve as a center for expertise that develops and executes agreements and to provide command-level policy guidance regarding international business. AFSAC builds connections between the U.S. and friendly Air Forces around the world connections that the Air Force needs to fulfill its mission of defending U.S. interests abroad.

For over twenty-five years, AFSAC has sold over 9,000 aircraft worldwide, with 6,600 still operational. AFSAC makes sure that the equipment they provide to their customers is supplied with parts and sources of repair. It may cost more to do business with the U.S., but AFSAC customers are confident in the service they will be provided, according to Brigadier General Riemer.

“When we sell those specific weapon systems to our FMS customers, what we are really doing is establishing a long-term strategic relationship with the greatest Air Force on the planet, that sometimes is more important to a country than how fast the jet goes, how quick it turns, or what kind of weapons it carries,” Brig. Gen Riemer stated.

The Commander’s first critical step was appoint, in January 2003, a select core group of AFSAC employees to begin planning, developing, tailoring, and implementing the Balanced Scorecard initiative (BSI). The actions of AFSAC’s executive corporate board and the core team enabled the center to successfully implement BSC in October 2003. The executive board of AFSAC and the core team worked to formulate a clear statement of who we are, what we do, how we do it, and for whom do we do it. Efforts to understand and define these questions led to the development of a strategic architecture.

Our vision is to become “world-class professionals fostering global partnerships.” Brigadier General Riemer used the elements of AFMC/CC’s Commander’s Intent to communicate how AFSAC will use the balanced scorecard methodology. Using the four tenets of the Commander’s Intent:

- Expeditionary mindset and culture,
- Innovative, adaptive and responsive,
- Easy to do business with, and;

1. Combs, Kyle, Air Force Materiel Command Leading Edge, Public Affairs “AFSAC Works to Make the Grade,” January 2004, p. 16.

2. Kaplan and Norton (1996). *The Balanced Scorecard*. Harvard Business School Press, Boston, Massachusetts.

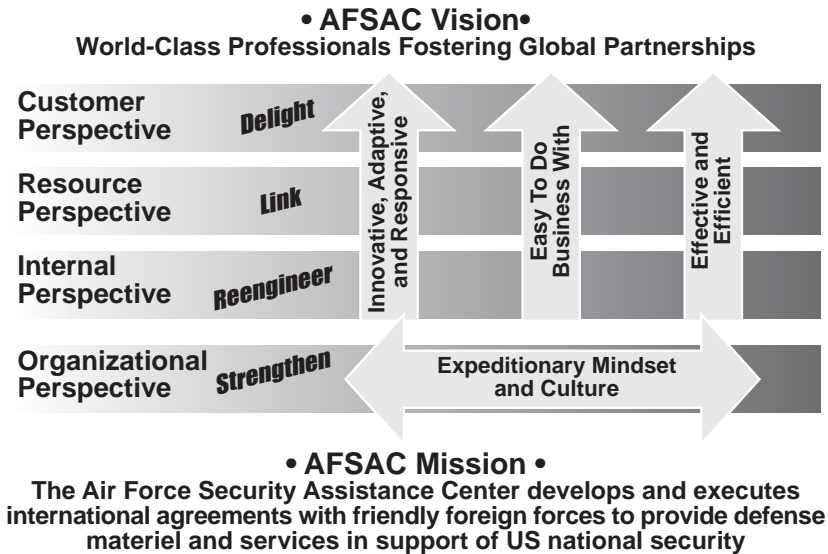


Figure 1

- Effective and efficient.

Combining these with the BSC perspectives of customer, financial, internal processes, and learning and growth Brigadier General Riemer formed the basis of his strategic themes that link AFSAC to the mission of AFMC through this architecture. From this strategic architecture grew the description of AFSAC's intent for its strategic initiative as "World-class professionals fostering global partnerships through developing and executing international agreements by delighting customers, linking resources, reengineering processes and strengthening the organization."

Brigadier General Riemer and his executive leadership spent numerous hours to determine "What We Do" and what functions in AFSAC are the key process indicators that define the organization and its mission. These initiatives within our internal perspective were targeted to improve the three key processes, two enabling processes, and multiple key functions that compose AFSAC's mission. This was a crucial step to complete before the organization's strategy map could be fully developed and deployed. These processes and functions are shown in Figure 2.

Dr. Kaplan and Dr. Norton propose a performance measurement capability that supports a long-term, forward thinking strategic view across the entire organization. They suggest that strategic leaders need a measurement framework that provides a view across a range of operations that encompasses most key issues required for continued success. Each quadrant of the Scorecard reports performance measures directly related to the corporate vision in the form of key performance measures or indicators. In addition, this framework should assist organizations to improve performance by changing how people behave. Dr. Kaplan and Dr. Norton (1996:10) argue that the Balanced Scorecard achieves these goals:

- Communicates priorities and direction
- Focuses on improving processes, not functions
- Aligns operational activity with strategic goals
- Provides the necessary leverage for change

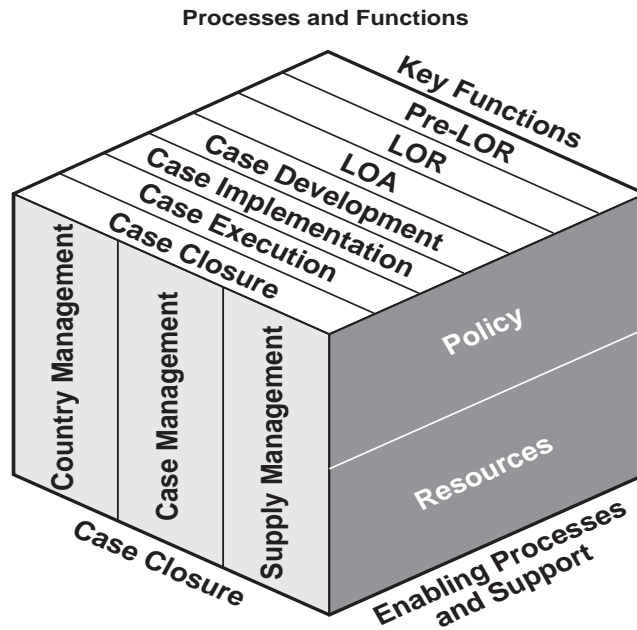


Figure 2

AFSAC's strategy map is an extension of the architecture. It represents a collection of cause-effect relationships to demonstrate the linkages between the strategic themes, perspectives, vision, mission, goals, and objectives. The strategy map transforms intangible assets into tangible customer and budget resource outcomes to produce value. Developing the strategy map "helps organizations see their strategies in a cohesive, integrated and a systematic way and provides the foundation for the management system for implementing strategy effectively and rapidly."³

By providing linkages to the vision, mission, objectives, perspectives, strategy, and strategic enabling themes, the strategy map is a blueprint to illustrate how strategy is aligned with operational functions and processes, and how the strategy can be accomplished systematically to reach the final destination, the vision, in the BSC journey.

The strategic themes are an internal representation of what the organization needs to do in order to achieve strategic outcomes. They address what employees should do to satisfy customer needs and yield a Return On Investment (ROI) on products and services. According to Brigadier General Riemer, the enabling principle and the strategic themes also serve as a sanity check for all employees to ask the following questions:

- Am I effective and efficient?
- Am I easy to do business with?
- Am I innovative, adaptive and responsive?
- Do I have an expeditionary mindset and culture?

Perspectives are designed to address all aspects of the organization. The customer perspective looks at who are the targeted customers and what is the organization's value proposition to them? The resources perspective examines what resources are needed to satisfy our customer, and should link strategy to resources. The internal process addresses at what processes the

3. Kaplan, R.S. and Norton, D.P. (1996). "Using the Balanced Scorecard as a Strategic Management System," *Harvard Business Review*, January-February: 1975-1985.

organization must excel to satisfy customers and shareholders. Along with the enabling theme, expeditionary mindset, and culture, the organizational perspective is considered as the foundation or enabler of all perspectives. Enablers support the other BSC perspectives. The organizational perspective looks at what capabilities and tools the employees require to help them do their jobs.⁴

Through a series of interwoven linkages, strategy becomes action to involve all employees in the balanced scorecard process. Linkages provide a cause and effect chain starting with the strategic and enabling themes and end with the vision in the strategy map. This synergistic function provides the ingredients for success to equip the organization with the necessary tools to become a world-class professional workforce. The AFSAC strategy map (Figure 3) reflects the linkages that bring these elements together into a dynamic network.

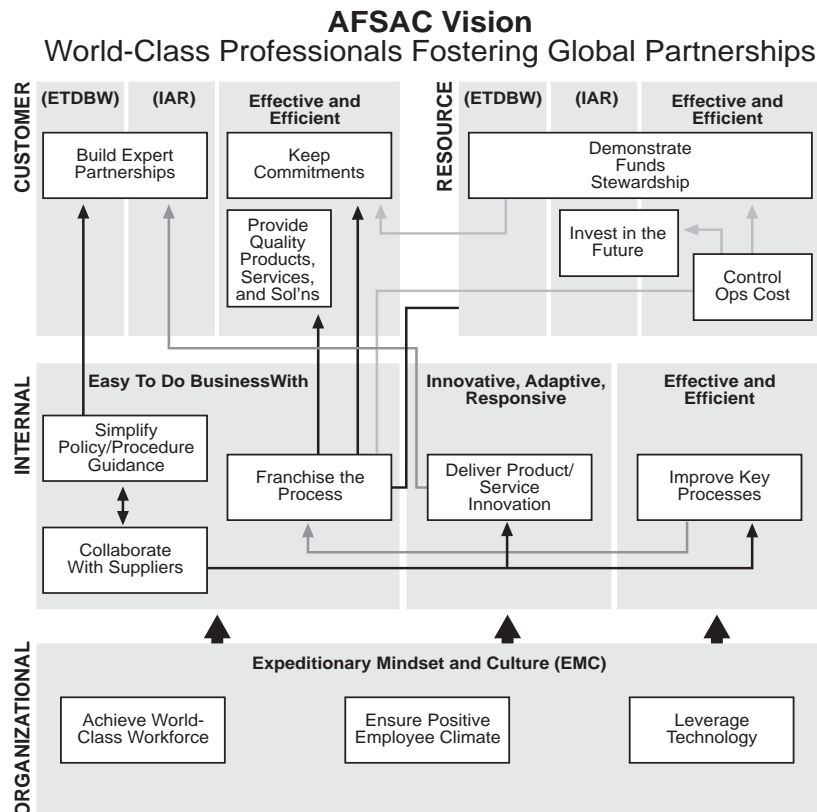


Figure 3

The Air Force Security Assistance Center incorporates objectives, measures, targets and initiatives under the four strategic themes, see Figures 4 through 7, as a means of fully deploying the different aspects of balanced scorecard and strategic planning. “We think the result will be that any employee in the organization can stand back six months or a year from now and say, Wow! I see exactly how this works. I see how what I do every day is making a difference,” Brigadier General Reimer said.

4. Kaplan, R.S. and Norton, D.P. (1996). “Using the Balanced Scorecard as a Strategic Management System,” *Harvard Business Review*, January-February: 1975-1985.

Figure 4. Be Innovative, Adaptive, and Responsive					
Customer Resource Internet	Objectives	Measures	2004 Targets	2005 Targets	Initiatives
	Build Expert Partnerships	Percent of Customers Favorably Assessing Our Responsiveness	100%	100%	Customer Survey
	Invest in the Future	Percent of Non-Civilian Pay Resources Applied to Investment	5%	10%	
	Demonstrate Funds Stewardship	Percent of Reduction in Process Time for Over Committed Lines	10%	25%	
	Deliver Product/Service Innovation	Number of Revolutionary Business Capabilities*	1	1	Six Sigma Projects

* Lag Measure

** Lead Measure

Figure 5. Easy To Do Business With					
	Objectives	Measures	2004 Targets	2005 Targets	Initiatives
Customer	Build Expert Partnerships	Percent of Increase in Deployed IT Capability	100% by Tier 1 & 2 Countries	100% by Tier 1 & 2 Countries	Promote AFSAC Online & DSCA Portal Use
		Percent Compliance with Action Plan	100%	100%	
		Percent of FMS Customers Applying Business Processes Improvements*	10%	25%	Streamlined LOAs
Resource	Demonstrate Funds Stewardship	Percent of Cases Closed in Allotted Time*	100%	100%	
	Collaborate with Suppliers	Number of Collaboration Events Per Supplier/Year*	4	12	Implement Collaborative Environment
	Franchise the Process	Percent of Processes Franchised*	25%	50%	Published Continuity Files/Expert Systems
Internet	Simplify Policy/ Procedure Guidance	Percent of Policy/Procedural guidance Simplified/Divested**	25%	50%	Policy Executability Reviews

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Figure 6 Effective and Efficient					
Objectives	Measures	2004 Targets	2005 Targets	Initiatives	
Keep Commitments	Percent of Compliance with Standard*	100%	100%	Action Item Tracker	
Customer	Provide Quality Products, Services and Sol'ns	Incoming 5% Open 35% Aged 100%	Incoming 5% Open Maintain Aged Maintain		
	Percent of Reduction in Deficiency Reports*				
	Percent of On-Time/Early Deliveries*	90%	95%		
Resource	Percent of Customers with Bill of Rights**	25%	50%	Customer Bill of Rights	
	Control Ops Cost	Average Percent of Improvement in Per Unit Operating Cost*	5%	10%	PBC Output Analysis
	Invest in the Future	Percent of Non-Civilian Pay Resources Applied to Investment**	5%	10%	
Internet		Percent of Operating Budget Obligated	100%	100%	
		Percent of Annual Case Reviews Completed	100%	100%	
	Improve Key Processes	Percent of Key and Enabling Processes Achieving Goals*	60%	60%	Six Sigma Projects

* Lag Measure

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Organizational	Figure 7 Expeditionary Mindset and Culture				
	Objectives	Measures	2004 Targets	2005 Targets	Initiatives
	Achieve World-Class Workforce	Percent of qualified Workforce to Support Organizational Strategic/Mission Requirements	25%	50%	WFS and Training
		Percentage of Workforce Certified in International Affairs	50%	75%	
	Ensure Positive Employee Climate	Percentage of Favorable Rating on All UCA Questions*	80%	90%	Quality Workplace Projects
	Leverage Technology	Number of enterprise Capabilities Deployed*	4	4	
		Percent of Infrastructure Achieving Replacement Standard*	100%		

* Lag Measure

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Brigadier General Riemer states, "It is my intent as the commander to raise AFSAC's level of performance to a level never seen or even believed possible. We, as the Air Force Materiel Command's center of expertise for developing and implementing the elements of international business, will define the expected environment and posture ourselves for today and beyond. The better we do our job, the better our customers are able to do their job in coalition warfare." Complete institutionalization of the balanced scorecard process will be the key management system to enable AFSAC to successfully meet the goal.

About the Authors

Len Walton is the Team Leader of Strategic Planning for Air Force Security Assistance Center. He has directed and communicated strategic initiatives as a member of the Strategic Planning Office since November 2000. A logistics manager since 1989, he previously served more than twelve years in various capacities including Command Country Manager for Australia and New Zealand and Program Support Manager for Saudi Arabia and Israel.

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